

MOTION BY SUPERVISORS SUPERVISOR HILDA L. SOLIS AND
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The County currently offers several preference programs designed to ensure that all businesses have equal opportunity in competing for County contracts. These programs—the Local Small Business Enterprise Preference Program, the Transitional Job Opportunities Preference Program, and the Disabled Veteran Preference Program—enable businesses that face structural disadvantages to compete for County contracts by conferring preferential status to qualifying organizations. The County should consider establishing a similar program for businesses that purposefully hire men and women recently released from incarceration. While doing so, the County should also evaluate the effectiveness of the existing programs in order to learn what works and what should be improved.

Research shows that having a job is critical to keeping formerly incarcerated men and women from committing future crimes. But the formerly incarcerated face extremely high barriers to employment. Several businesses in our county—social enterprises—are purposefully employing men and women recently released from incarceration.

Social enterprises are businesses that aim to harness the power of the private sector to address pressing social problems. They generate their revenue primarily by providing commercial goods and services—and jobs—to the community. Historically, social enterprises have been organized as nonprofit corporations. But more recently, state legislatures have invented new corporate structures better suited to these enterprises. California’s legislature has been at the forefront of these efforts, passing

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the Corporate Flexibility Act of 2011 which established two new forms—the Benefit Corporation and the Flexible Purpose Corporation. Irrespective of form, all share an explicit commitment to promoting the common good.

Contracting with businesses that employ the formerly incarcerated would benefit the County twofold: first, by procuring necessary goods and services, and second by increasing employment for residents often shut out of the job market, consequently saving taxpayer dollars by decreasing the need for social services. However, in the competition for contracts, these enterprises face a structural cost disadvantage relative to traditional businesses. They must provide, at significant cost, higher than average supervision, counseling, training, and security. Establishing a preference program for these enterprises described would address these competitive disadvantages and further the County's mission.

WE, THEREFORE MOVE that the Board of Supervisors direct the Interim Chief Executive Officer (CEO) to work in collaboration with the Internal Services Department (ISD), the Department of Consumer and Business Affairs (DCBA), the Department of Public Social Services (DPSS), the Department of Community and Senior Services, County Counsel, the Department of Human Resources, and other relevant departments, to

- (1) Prepare a report to the Board in 60 days that will:
 - a. Evaluate the effectiveness of the existing preference programs in achieving their stated purposes, including:
 - i. An analysis of the number of businesses (and percentage of total) enrolled in each program
 - ii. The number of contracts (and percentage of total) that enrolled businesses have secured, and
 - iii. The total amount (and percentage of total) of these contracts.
 - b. Recommend potential improvements to the programs, with consideration given to:
 - i. Increasing the percentage enhancement conferred, and
 - ii. Increasing the size of the cap on the preference amount.
 - c. Propose a format and schedule for a brief annual report to the Board

that tracks the yearly performance of these programs.

- (2) Prepare a report to the Board in 90 days that will:
 - a. Analyze the feasibility of establishing a County preference program for non-profit and for-profit social enterprises that have a history of employing men and women recently released from incarceration. In preparing their report, the departments should identify specific procurement needs that would be most appropriate in light of safety and security considerations. The departments should also identify existing contracting policies that could hinder the program and should recommend appropriate changes as necessary.

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